



Publisher of Consumer Reports

July 31, 2002

The Honorable William Delahunt
United States House of Representatives
Washington, DC 20510

The Honorable Richard Durbin
United States Senate
Washington, DC 20510

Re: CONSUMERS UNION SUPPORT OF THE EMPLOYEE ABUSE PREVENTION ACT OF 2002

Dear Congressman Delahunt and Senator Durbin:

Consumers Union strongly supports the Employee Abuse Prevention Act of 2002, a bill you recently introduced. The Employee Abuse Prevention Act will protect the earnings and retirement savings of employees and retirees of bankrupt companies by giving greater powers to courts and bankruptcy trustees to recapture corporate assets and by ensuring that employee and retiree claims receive fair treatment in bankruptcy proceedings.

The Sarbanes-Oxley accounting reform bill recently signed into law by President Bush will do much to prevent future corporate wrongdoing. However, it is not crafted to protect employees and retirees when businesses go bankrupt and will be of little help to the employees and retirees affected by Enron or WorldCom.

The Employee Abuse Prevention Act fills that gap. The bill will apply to pending and future bankruptcy proceedings. Therefore, this bill will help the employees and retirees of Enron, WorldCom, and other companies already in bankruptcy.

The cost of corporate bankruptcies due to questionable practices and fraud will likely far outweigh consumer bankruptcy filings. At a time when corporate cheating has led to an economic slump, took trillions in capital from the markets, resulted in massive layoffs, and ransacked pension and 401(k) plans – while corporate officers made millions – Congress should pass the Employee Abuse Prevention Act of 2002 before it moves one step further on the consumer bankruptcy bill.

Consumers Union applauds your continued leadership on issues affecting America's consumers.

Sincerely,

A handwritten signature in black ink that reads "Frank Torres".

Frank C. Torres
Legislative Counsel